

BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

RECEIVED
2003 MAY -2 PM 4:11

IN RE:

*

*

T.R.A. DOCKET ROOM

PETITION OF TENNESSEE-
AMERICAN WATER COMPANY TO
CHANGE AND INCREASE CERTAIN
RATES AND CHARGES ...

*

DOCKET NO. 03-00118

*

*

*

**CHATTANOOGA MANUFACTURERS ASSOCIATION'S SUPPLEMENTAL
RESPONSES AND OBJECTIONS TO TAWC'S FIRST SET OF
INTERROGATORIES AND REQUEST FOR PRODUCTION OF DOCUMENTS**

Pursuant to *Rules 26, 33 and 34 of the Tennessee Rules of Civil Procedure* and *Tenn. Code Ann. § 4-5-301, et seq.*, Intervenor Chattanooga Manufacturers Association ("CMA") submits the following supplemental responses to the First Set of Interrogatories and Request for Production of Documents of Tennessee-American Water Company ("TAWC" or the "Company"), subject to and without waiving any of the objections made in any previous pleading or herein, but acknowledging the Order dated April 25, 2003 entered by the pre-hearing officer.

RESPONSES TO DISCOVERY REQUESTS

Subject to and without waiving any prior objections, the following additional responses are provided:

Discovery Request No. 1: State in detail the legal and factual basis for any objection or opposition CMA has with respect to any aspect of the rate increase requested by TAWC in this docket.

Response 1. CMA recently received the Company's responses to data requests, and is in the process of analyzing those responses. At this time, CMA states that the overall rate increase seeking \$3.866 million in additional revenue will result in an excessive rate of return considering the current economic climate. CMA also questions whether the Company is attempting to recover revenue related to fire hydrants in violation of prior Authority rulings.

CMA notes that the Petitioner has the burden of proof in demonstrating its request is just and reasonable. Whether CMA further opposes or objects with respect to any aspect of the rate increase requested in this docket has not yet been determined but will be determined after completing the review of all parties' responses to data requests.

Discovery Request No. 2: Identify each person whom you expect to call as an expert witness at any hearing in this docket, and for each such expert witness:

- a. Identify the field in which the witness is to be offered as an expert.
- b. Provide complete background information, including the expert's current employer as well as his or her educational, professional and employment history and qualifications within the field in which the witness is expected to testify, and identify all publications written or presentations presented in whole or in part by the witness.
- c. Provide the grounds (including without limitation any factual bases) for the opinions to which the witness is expected to testify, and provide a summary of the grounds for each such opinion.
- d. Identify any matter in which the expert has testified (through deposition or otherwise) by specifying the name, docket number and forum of each case, the dates of the prior testimony and the subject of the prior testimony, and identify the transcripts of any such testimony.
- e. Identify for each such expert any person whom the expert consulted or otherwise communicated with in connection with his expected testimony.
- f. Identify the terms of the retention or engagement of each expert including but not limited to the terms of any retention or engagement letters or agreements relating to his/her

engagement, testimony and opinions as well as the compensation to be paid for the testimony and opinions.

g. Identify all documents or things shown to, delivered to, received from, relied upon or prepared by any expert witness, which are related to the witness(es)' expected testimony in this case, whether or not such documents are supportive of such testimony, including without limitation all documents or things provided to that expert for review in connection with testimony and opinions.

h. Identify any exhibits to be used as a summary of or support for the testimony or opinions provided by the expert.

Response 2. Subject to and without waiving all objections, CMA states that, at this time, experts have not been determined for purposes of supplying testimony at trial, but CMA will identify testifying experts, if any, once a determination is made whether to present testimony at the hearing. Investigation into the case is still proceeding and, after an analysis of the responses to all data requests by the parties is completed, CMA may designate expert witness(es) from Brubaker & Associates, Inc. (BAI) consultants to testify regarding revenue adjustments and rate design including, but not limited to, Mr. Michael Gorman. *See Appendix A*, attached hereto.

Discovery Request No. 3: Please produce copies of any and all documents referred to or relied upon in responding to TAWC's discovery requests.

Response 3. None.

Discovery Request No. 4: Please provide all materials provided to, reviewed by or produced by any expert or consultant retained by CMA to testify or to provide information from which another expert will testify concerning this case.

Response 4. None. CMA has not designated any testifying expert, but will supplement this Response to the extent it is deemed an expert will provide testimony on its behalf. CMA has provided BAI the materials filed in this docket newspaper articles and news releases (and similar materials) prepared by and provided to CMA by the Company.

Discovery Request No. 5: Please produce all workpapers of any of CMA's proposed experts, including but not limited to file notes, chart notes, tests, test results, interview and/or consult notes and all other file documentation that nay of CMA's expert witnesses in any way used, created, generated or consulted by any of CMA's expert witnesses in connection with the evaluation, conclusions and opinions in the captioned matter.

Response 5. None. CMA has not designated any testifying expert, but will supplement this Response as appropriate.

Discovery Request No. 6: Please produce a copy of all trade articles, journals, treatises and publications of any kind in any way utilized or relied upon by any of CMA's proposed expert witnesses in evaluating, reaching conclusions or formulating an opinion in the captioned matter.

Response 6. None. CMA has not designated any testifying expert, but will supplement this Response as appropriate.

Discovery Request No. 7: Please produce a copy of all documents which relate or pertain to any factual information provided to, gathered by, utilized or relied upon by any of CMA's proposed expert witnesses in evaluating, reaching conclusions or formulating an opinion in the captioned matter.

Response 7. None. CMA has not designated any testifying expert, but will supplement this Response as appropriate.

Discovery Request No. 8: Please produce a copy of all articles, journals, books or speeches written by or co-written by any of CMA's expert witnesses, whether published or not.

Response 8. None. CMA has not designated any testifying expert but will supplement this Response as appropriate.

Discovery Request No. 9: Please produce any and all documentation, items, reports, data, communications and evidence of any kind that CMA intends to offer as evidence at the hearing or to refer to in any way at the hearing.

Response 9. In accordance with the ruling by the pre-hearing officer, CMA will exchange with the other parties the exhibits it intends to submit into evidence no later than June 25, 2003.

Discovery Request No. 10: Please produce all documents that refer or relate to the subject matter of your response to Discovery Request No. 1.

Response 10. Subject to and without waiving its prior objections, CMA is unaware of any non-privileged, responsive documents specifically related to its response to Discovery Request No. 1 other than all general documents, articles, news reports and other materials describing current economic conditions. CMA has reviewed the petitioner's filing in the instant docket, the Authority's Orders in prior cases involving the Company, and is now in the process of reviewing the first set of data responses submitted by the Company and other parties. As a final determination has not been made whether to make any further objection or opposition with respect to any aspect of the rate increase, all documents that refer or relate to the subject matter of Response No. 1 have not yet been determined.


Discovery Request No. 11: Please identify by name, address, employer and current telephone number, all persons having knowledge of the subject matter of your response to Discovery Request No. 1.

Response 11. Subject to and without waiving all objections, and further objecting on the grounds of attorney/client privilege and the work-product doctrine, CMA responds that the following may have knowledge concerning CMA's involvement in this matter: CMA's attorneys (listed below); CMA staff, officers and board c/o the attorneys herein; CMA members c/o the attorneys herein; and, Mr. Michael Gorman, BAI Consulting c/o CMA's attorneys listed herein.

Respectfully submitted,

BOULT, CUMMINGS, CONNERS & BERRY, PLC

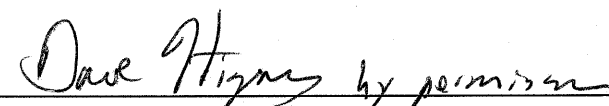
By: _____


HENRY M. WALKER, Esq.
414 Union Street, Suite 1600
Nashville, Tennessee 37219
615-244-2582

- and -

GRANT, KONVALINKA & HARRISON, P.C.

By: _____


DAVID C. HIGNEY (BPR #14888)
633 Chestnut Street, 9th Floor
Chattanooga, Tennessee 37450
423-756-8400

CERTIFICATE OF SERVICE

I hereby certify that I have on this 2nd day of May, 2003, served the foregoing pleading either by fax, overnight delivery service or first class mail, postage prepaid, to all parties of record at their addresses shown below:

T. G. Pappas, Esq.
Bass, Berry & Sims, PLC
2700 First American Center
Nashville, Tennessee 37238-2700

Vance Broemel, Esq.
Consumer Advocate Division
Office of the Attorney General
Cordell Hull Building
426 5th Avenue, North
Nashville, Tennessee 37243-0500

Michael A. McMahan, Esq.
Phillip A. Noblett, Esq.
801 Broad Street, Suite 400
Chattanooga, Tennessee 37402



BOULT, CUMMINGS, CONNERS & BERRY, PLC

@PFDesktop\:\ODMA\PCDOCS\DOCS\866620\1

Appendix A

1 QUALIFICATIONS OF MICHAEL GORMAN

2 **Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A Michael P. Gorman. My business mailing address is P. O. Box 412000, 1215 Fern Ridge
4 Parkway, Suite 208, St. Louis, Missouri 63141-2000.

5
6 **Q PLEASE STATE YOUR OCCUPATION.**

7 A I am a consultant in the field of public utility regulation with Brubaker & Associates,
8 Inc., energy, economic and regulatory consultants.

9
10 **Q PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND WORK**
11 **EXPERIENCE.**

12 A In 1983 I received a Bachelors of Science Degree in Electrical Engineering from
13 Southern Illinois University, and in 1986, I received a Masters Degree in Business
14 Administration with a concentration in Finance from the University of Illinois at
15 Springfield. I have also completed several graduate level economics courses.

16 In August of 1983, I accepted an analyst position with the Illinois Commerce
17 Commission (ICC). In this position, I performed a variety of analyses for both formal
18 and informal investigations before the ICC, including: marginal cost of energy, central
19 dispatch, avoided cost of energy, annual system production costs, and working capital. In
20 October of 1986, I was promoted to the position of Senior Analyst. In this position, I
21 assumed the additional responsibilities of technical leader on projects, and my areas of
22 responsibility were expanded to include utility financial modeling and financial analyses.

1 In 1987, I was promoted to Director of the Financial Analysis Department. In this
2 position, I was responsible for all financial analyses conducted by the staff. Among other
3 things, I conducted analyses and sponsored testimony before the ICC on rate of return,
4 financial integrity, financial modeling and related issues. I also supervised the
5 development of all Staff analyses and testimony on these same issues. In addition, I
6 supervised the Staff's review and recommendations to the Commission concerning utility
7 plans to issue debt and equity securities.

8 In August of 1989, I accepted a position with Merrill-Lynch as a financial
9 consultant. After receiving all required securities licenses, I worked with individual
10 investors and small businesses in evaluating and selecting investments suitable to their
11 requirements.

12 In September of 1990, I accepted a position with Drazen-Brubaker & Associates,
13 Inc. In April 1995 the firm of Brubaker & Associates, Inc. (BAI) was formed. It
14 includes most of the former DBA principals and Staff. Since 1990, I have performed
15 various analyses and sponsored testimony on cost of capital, cost/benefits of utility
16 mergers and acquisitions, utility reorganizations, level of operating expenses and rate
17 base, cost of service studies, and analyses relating industrial jobs and economic develop-
18 ment. I also participated in a study used to revise the financial policy for the municipal
19 utility in Kansas City, Kansas.

20 At BAI, I also have extensive experience working with large energy users to
21 distribute and critically evaluate responses to requests for proposals (RFPs) for electric,
22 steam, and gas energy supply from competitive energy suppliers. These analyses include
23 the evaluation of gas supply and delivery charges, cogeneration and/or combined cycle

1 unit feasibility studies, and the evaluation of third-party asset/supply management
2 agreements. I have also analyzed commodity pricing indices and forward pricing
3 methods for third party supply agreements. Continuing, I have also conducted regional
4 electric market price forecasts.

5 In addition to our main office in St. Louis, the firm also has branch offices in
6 Denver, Colorado; Chicago, Illinois; Asheville, North Carolina; Corpus Christi, Texas;
7 and Plano, Texas.

8
9 **Q HAVE YOU EVER TESTIFIED BEFORE A REGULATORY BODY?**

10 A Yes. I have sponsored testimony on cost of capital, revenue requirements, cost of service
11 and other issues before the regulatory commissions in Arizona, Delaware, Georgia,
12 Illinois, Indiana, Michigan, Missouri, New Mexico, Oklahoma, Tennessee, Texas, Utah,
13 Vermont, West Virginia, Wisconsin and Wyoming. I have also sponsored testimony
14 before the Board of Public Utilities in Kansas City, Kansas; presented rate setting
15 position reports to the regulatory board of the municipal utility in Austin, Texas, and Salt
16 River Project, Arizona, on behalf of industrial customers; and negotiated rate disputes for
17 industrial customers of the Municipal Electric Authority of Georgia in the LaGrange,
18 Georgia district.

19
20 **Q PLEASE DESCRIBE ANY PROFESSIONAL REGISTRATIONS OR**
21 **ORGANIZATIONS TO WHICH YOU BELONG.**

22 A I earned the designation of Chartered Financial Analyst (CFA) from the Association for
23 Investment Management and Research (AIMR). The CFA charter was awarded after

1 successfully completing three examinations which covered the subject areas of financial
2 accounting, economics, fixed income and equity valuation and professional and ethical
3 conduct. I am a member of AIMR's Financial Analyst Society.
4